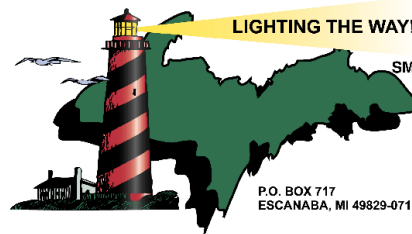


PENINSULA FEDERAL CREDIT UNION



February 25, 2009

Mary Rupp, Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428

Dear Ms. Rupp:

Thank you for the opportunity to comment on the Advanced Notice of Rulemaking for Part 704 of the Rules and Regulations.

Payment System:

Being able to use our corporate for payment systems is a necessity for this credit union. We do not have the expertise to do this in house and the alternative is to use a regional bank that would certainly raise prices dramatically if the corporate did not offer an alternative.

Liquidity and Liquidity Management:

Yes, I believe that liquidity services should be at the core of corporate credit union operations. I believe corporate investment policies should be conservative in nature. It is my understanding the corporate we use, CenCorp, uses a "matched book" to the extent possible. Term investments placed in CenCorp are in turn placed in other investments with similar maturities. If other corporates do not do this, I would suggest they be urged to do so.

Field of Membership Issues:

Competition may lead to more aggressive rates to attract deposits and greater risks to earn a positive spread. But it should also lead to better products at lower cost. I am a strong believer in competition and do not believe NCUA should limit fields of membership for corporates.

Structure; Two-Tiered System:

Over time, the two-tiered system has served the credit union community very well. NCUA Letter 09-CU-02 indicates corporate credit unions are restricted to investing in highly rated securities. Unfortunately, current market conditions are unlike anything most of us have experienced and many of those securities have been downgraded.

It seems to me we are better served having one wholesale corporate with an investment desk making tough investment decisions than we would be with several corporate credit unions, each serving a specific Field of Membership, each making those decisions. If the second tier was discontinued, it would certainly lead to additional costs for the other corporates.

Corporate Capital:

I believe each corporate should attain a core capital ratio of 4% without including membership capital.

Asset Liability Management:

I believe corporates should be required to perform net interest income modeling and stress testing.

Corporate Governance:

I am not a believer in term limits. I am in favor, however, of minimum standards for directors that would require a director to possess an appropriate level of experience and independence. It is not necessary to have greater transparency for executive compensation. Compensation is certainly looked at by auditors and examiners and, if it is out of line with compensation at similar institutions, it should be discussed with the Board of Directors of the Corporate.

NCUA has offered to insure all deposits in corporates until December 31, 2010. I would like to see this become permanent.

Sincerely,

Robert L. Maxon
President & CEO